

IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:	§	Chapter 11
	§	
W. R. GRACE & CO., et al,	§	Case NO. 01-01139(JKF)
	§	
Debtors	§	(Jointly administered)

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS' RESPONSE
TO DEBTORS' EIGHTH OMNIBUS OBJECTION TO CLAIMS**

The Texas Comptroller of Public Accounts (Texas Comptroller), appearing through the Office of the Attorney General of Texas, responds to Debtors' Eighth Omnibus Objection to Claims ("Objection") and respectfully states:

1. The Debtors' have objected to the Texas Comptroller's claim (Claim No. 311) in the amount of \$11,227.67, filed in Case Number 01-01165, In re Grace Drilling Company ("Grace Drilling"). This claim is listed in Exhibit C attached to the Objection. The Debtors' contend that the claim should be disallowed and state that the claim amount is based on estimates.

2. The Texas Comptroller's claim is not based on estimates. It is a claim for interest which accrued on liability for Texas franchise tax for the periods of 1993 through 1996. The Texas Comptroller conducted a franchise tax audit of Grace Drilling's books and records in 1997 and determined that the Grace Drilling owed franchise tax in the amount of \$29,414.76 for the 1993 tax year. The audit determined that Grace Drilling owed interest in the amount of \$11,227.67 on this liability. On March 21, 1997, Grace Drilling paid the \$29,414.76 of franchise tax assessed in the audit. However, Grace Drilling failed to pay the interest which had accrued. The interest remains unpaid, and forms the basis of the Texas Comptroller's claim. No further interest has accrued since the payment of the tax. The interest rate on the tax is 12 percent, beginning sixty days after the tax was originally due and continuing through the date of payment of the tax. Tex. Tax Code § 111.060.

3. A copy of the audit adjustment report dated May 1, 1997, showing the interest assessed on the audit tax, is attached hereto as Exhibit A. The interest remains unpaid, as shown by the February 10, 2005 printout of the Debtor's tax account, which is attached hereto as Exhibit. B.

4. The Texas Comptroller's claim is secured by Texas tax liens recorded July 7, 1997 in Brazos, Fayette, Hardin, Hemphill, Hockley, Jim Hogg, Midland, Montague, Pecos, Reeves, San Patricio, Scurry, Smith, Tom Green and Wilbarger Counties, Texas; July 8, 1997 in Anderson County, Texas; and July 9, 1997 in Atascosa County, Texas. The liens attach to all of the property of the taxpayer liable for the taxes. Tex. Tax Code § 113.001(b). The claim is entitled to be treated as a secured claim to the extent that there is collateral to secure the claim. To the extent that there is insufficient property to secure the Texas Comptroller's claim, it is entitled to be treated as a general unsecured claim.

Wherefore, the Texas Comptroller requests that Debtors' objection to its claim be denied.

Respectfully submitted,

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ATTORNEYS FOR THE TEXAS
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CERTIFICATE OF SERVICE

I certify that on February 10, 2005 a true copy of the foregoing was served upon the following parties via electronic means as listed on the court's ECF noticing system or by regular first class mail (and by fax where indicated):

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